NEW ZEALAND EMBASSY

TE AKA AORERE

WASHINGTON

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Country of Origin Labeling Program
Agricultural Marketing Service, USDA
Stop 0249
Room 2092-S
1400 Independence Avenue, S.W.
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Dear Sir/Madam

Establishment of Guidelines for the Interim Voluntary Country of Origin Labeling of Beef, Lamb, Pork, Fish, Perishable Agricultural Commodities, and Peanuts Under the Authority of the Agricultural Marketing Act of 1946

Docket Number LS-02-13

Thank you for the opportunity to comment on the Interim Voluntary Country of Origin Labelling guidelines for certain commodities as required under the Farm Security and Rural Investment Act of 2002.

As you will be aware from the New Zealand Government's earlier submission of 16 August 2002, New Zealand has consistently opposed the imposition of mandatory country of origin labelling (COOL), on the basis of its likely trade-restrictive effects and its irrelevance to food safety requirements. In our view, it is preferable to leave industry with the choice of whether or not to label a product with its country of origin and not impose it by prescriptive regulation. New Zealand considers that if consumers do distinguish goods depending on country of origin, strong incentives exist for industries to act without government intervention i.e. on a voluntary basis.

We take the opportunity here to raise our concerns on a number of issues of principle and note that a number of New Zealand industries intend to provide more detailed comments on the guidelines separately.

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Food Safety
In the New Zealand Government's view, rather than the COOL provision providing food safety and surety information for consumers, they may act as unnecessary barriers to trade. While we would support the view that consumers have a right to know the place of origin of the products they are eating, this information is irrelevant in terms of food safety. The fact is that United States' authorities have approved the importation of beef, lamb, pork, fish, fruit and vegetables and peanuts into the United States. Existing United States' law ensures that all food products imported into the United States meets the United States' high sanitary standards and that these products are safe to eat. If there were new food safety concerns then mandatory country of origin labelling at the final point of sale would do nothing to increase the safety (or quality) of products being sold. Any food safety issues should be addressed by more sophisticated and efficient mechanisms (eg traceability) rather than through the imposition of mandatory COOL.

We would welcome a clear statement of the objectives of the proposed COOL to clarify this matter.

COOL also detracts from the more important information to the consumer as provided in the nutritional information panel.

International Obligations
We expect that the COOL requirements will be implemented in a WTO consistent manner; applied in a non-discriminatory and least trade restrictive manner, fulfil a legitimate objective and meet national treatment obligations.

We note that negotiations aimed at developing an international harmonised system for rules of origin (ROO), have been underway for several years in the WTO. In the context of these negotiations, the question of how COOL and ROO would relate is an issue for a number of WTO Members. We would appreciate further clarification of the US position in relation to this debate, and comment on how country of origin related issues are addressed in a coherent and consistent manner across US government departments for example between US Customs Service, FDA and USDA.

We would also observe that the proposed mandatory labelling requirements seem inconsistent with United States' efforts in WTO negotiations to reduce impediments to trade and expand market access opportunities.

Significant Compliance Costs
We believe that the consumer would ultimately be disadvantaged by the proposed COOL due to increased prices. It is highly likely that mandatory COOL will be extremely burdensome to administer, impose unjustifiable costs on both our own and the United States' industry at all stages of the production process and that these added costs will be passed on to the consumer.

Packers, processors and retailers will be responsible for meeting COOL requirements and bearing the costs associated with ensuring compliance. To guarantee the product they are purchasing is domestic or otherwise, all aspects of the food chain will need to receive and maintain accurate and detailed records about the movements of the products

they are purchasing. It will be incumbent on USDA to develop regulations to ensure sufficient record keeping to ensure the integrity of the entire COOL system.

The impact of the COOL provision on processors (grinders) of ground beef, whose product is the result of blending beef from more than one country, will be increased costs not only arising from the labelling itself but also in tracking product to verify the content of the labels. It is common for New Zealand trimmings to be combined with trimmings from the United States and other countries to produce a product (eg hamburger patties sold by retailers). A grinder looking for product at least cost faced with additional costs imposed on imported product arising from the necessity of tracking the product would tend to seek domestic product. Grinders might thus source their meat based on labelling requirements not on the basis of quality or price. This is a further example of how imported products may receive less favourable treatment under the new regulations than domestic product.

Conclusion

In view of the significant compliance costs inherent in the COOL arrangements, their discriminatory effect on imported products, lack of justification for imposing mandatory labelling and the question of consistency with WTO obligations and United States' proposals in the current WTO negotiations, the New Zealand Government requests that the USDA seek to amend the Farm Security and Rural Investment Act of 2002 to provide for the COOL guidelines to remain voluntary after 30 September 2004. In the meantime, we ask that the USDA reconsider the need to deviate from the existing provisions for COOL (such as section 304 of the US Tariff Act 1930) which already permit COOL labelling. It is important to avoid unnecessary compliance costs and to take a liberal and common sense approach to conveying information at the final point of sale.

With kind regards

Yours faithfully

John Wood

John Wood
Ambassador